

Application No. 09/541,197  
Amendment dated August 17, 2004  
Reply to Office Action dated May 7, 2004

Remarks

Applicant and his attorney wish to extend their gratitude for the time provided by the Examiner during the interview dated August 12, 2004, during which the main features of the invention were discussed in view of the pending claims, and the Examiner's pending rejections.

Applicant submits this Amendment in response to a Final Office Action dated May 7, 2004, along with an Amendment Transmittal form. Claims 1-54 are pending in the application. Claims 1, 14 and 30 have been amended. No new matter has been added. The amendments are strictly for clarification purposes and are not intended to change the scope of the claims or to be deemed necessary to overcome the prior art cited by the Examiner.

In the Office Action, the Examiner has rejected all the claims based on various references. Specifically, the Examiner has rejected claims 1-4, 6, 7, 40, 41, 45 and 47 under 35 U.S.C. § 103(a) as being obvious over Tarbox, in view of Jones and further in view of Cooperstein and Barron's Dictionary of Insurance Terms, 3<sup>rd</sup> Ed. The Examiner contends that Tarbox discloses a method for providing a person with a secure retirement program using assets owned by the person. The Examiner then refers to col. 1, line 66 in support of the argument that Tarbox discloses the step of selecting at least one desired benefit for retirement.

The Examiner contends that Col. 2, lines 49-51 of Tarbox discloses specifying an allocation period for allocating a desired portion of said assets to said selected benefits during said allocation period.

The Examiner then states that the step of specifying a conversion period for allocating a

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desired portion of the assets to said selected benefits during the conversion period, as set forth in the claim, is taught by Barron's Dictionary of Insurance Terms.

The Examiner contends that both Jones and Cooperstein disclose the step of calculating benefit payments during and after the conversion period, wherein payments during the conversion period are made from assets and purchased benefits and benefit payments after the conversion period are provided by purchased benefits. In support the Examiner cites Jones Abstract lines 1-4-simulation; Cooperstein Col. 3, lines 30-40 -annuity.

The Examiner then continues, without citing any specific prior art, that he believes that it is obvious that these contracts are all about payments being made and/or will be made to a beneficiary who can be the user /customer/owner of a policy contract or a beneficiary designated by the user/customer/owner of the policy contract.

According to the Examiner -- again without citing any evidence for support -- the details of the chosen arrangements obviously can involve simultaneous payments from both the old/existing asset(s) and the new benefit contract during a conversion period in those cases where the old/existing asset is, or is in a position, to make benefit payments since that is all a part of the well known practice of conversions.

Thus, according to the Examiner, it would have been obvious to combine Tarbox in addition to Jones in addition to Cooperstein and Barron's Dictionary of Insurance to achieve a method for the conversion of personal assets into an individual retirement benefit program. The Examiner mentions that the motivation for this combination would have been to provide more

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disclosure of the workings of the purchased benefit plans so that customers can appreciate and act on all such contracts critical components.

Applicant respectfully disagrees with the Examiner and requests that the Examiner's §103 rejection be withdrawn in view of the following discussion.

As mentioned previously in response to the Examiner's first Office Action, the present invention relates to a system that allows clients to plan for all of their retirement needs in a complete and unified manner. Typically, an individual with a certain amount of assets who desires to purchase secure life dependent benefits, such as annuity contracts, long term care benefits, survivor pension benefits, legacy income benefits and so forth, is faced with some critical decisions around, among other things, timing, lifestyle, risk, family situation, health situation, etc.

The individual may purchase secure benefits immediately upon retirement by using the assets he/she has accumulated, to be able to lock in the benefits during his/her lifetime, and to be able to purchase the benefits before the occurrence of a disqualifying event.

However, by doing so, the individual has to forgo: (1) any possible market gains had his assets remained invested; and (2) the flexibility to make changes based on market conditions or personal circumstances. Furthermore for certain benefits that depend on the person's life, the person may lose a substantial value of its assets if his/ her life is terminated earlier than expected. For example, for many annuities, the benefit payments cease as soon as the beneficiary dies. Furthermore, it is very difficult for a person who desires to retire to calculate the right amount of

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benefits that should be purchased in order to achieve a goal of a fixed secure income during that person's life time.

The present invention overcomes these problems by providing an arrangement that allows the individual to make informed decisions with respect to life time benefits. For example, the individual can specify a conversion period, during which a portion of the individual's asset can remain invested so as to generate corresponding investment returns, while the remaining portion of the assets is used towards the purchase of the secure benefits, which may not benefit from potential market returns.

As amended, the claims call for an arrangement such that at specified intervals, the system determines the market value of the purchased benefits. Thereafter the market value of the purchased benefits is combined with the market value of said assets, to provide a total client market value. At the same time the system calculates a target benefit payment corresponding to the amount of benefit that can be purchased if the total client market value is used to accelerate the conversion period immediately.

Based on the target benefit payment, the user is then allowed to make changes to the retirement process including a change of the length of the conversion period, and a change in the amount or type of purchased benefits.

The system then calculates benefit payments, wherein each benefit payment is paid to the individual as one payment from two separate sources: the assets that have remained invested; and the benefits that have been already purchased.

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Once the entire asset has been used to purchase the desired secure benefits, the system pays the individual from the amounts provided by the purchased benefits.

Thus, the system provides an arrangement, wherein the individual has unique and flexible options compared to those systems provided in the prior art. The individual can choose an investment portfolio and individual investment funds for the assets that have remained invested in the market. The individual has a choice of many types of secure life dependent benefits for retirement. The individual can allocate assets towards the purchase of those benefits.

The individual can specify a conversion period, during which the portion of the assets that has remained invested can benefit from a market return on investment, and the remaining portion of the assets can be used towards purchasing the secure benefits. The individual can start receiving secure benefits during this conversion period, and continue to receive the secure benefits after the conversion period. The individual can make changes to these choices. For each selected interval the individual is provided with the total market value of the assets and benefits and a target payment amount corresponding to a benefit had the individual decide to accelerate all the assets and purchased benefits into an immediate purchase of benefits, instead of using the assets to generate returns.

All of this is supported with an online, integrated computerized system. During the conversion period, the payments made to the individual are derived from both the invested assets and the purchased secure benefits. After the conversion period, the payments made to the individual are derived only from the purchased secure benefits.

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None of the references cited by the Examiner, teach or suggest the present invention either alone or in combination. For example, as the Examiner correctly states, Tarbox does not teach or suggest an arrangement wherein the system calculates the market value of the benefits and the benefit payments corresponding to selected benefits during and after a conversion period.

Furthermore, the Examiner's discussion about the term "conversion period" and that how it has to be interpreted as broad as possible ignores the language in the claims and the specification associated with this term. The specification, in numerous instances, refers to conversion period as a period specifiable by the user, during which, assets that have been invested to generate market returns on investment are used towards the purchase of secure benefits. During this conversion period the system provides payment from proceeds of the invested assets and from purchased benefits. After the conversion period the system provides payments from purchased benefits only.

The Examiner states that it has chosen the broadest reasonable meaning of the term conversion. For that purpose, the Examiner has chosen the Barron's Dictionary of insurance terms, which defines conversion as

In group life and health insurance, a provision that allows a certificate holder to convert group coverage to an individual policy under specified conditions.

The Dictionary also defines conversion factor for employee contributions as

Inverse of the actuarial present value of a life annuity, taking the employee's life expectancy into account, to commence income

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payments at the NORMAL RETIRMENT AGE of the employee.  
It is used in a DEFINED BENEFIT PLAN to determine the  
amount of accrued benefits that result from the employee's  
contributions.

Firstly, the definition of "conversion factor" is irrelevant here, since the patent application does not mention any term or concept corresponding to "conversion factor."

Secondly, the Examiner's choice of the Baron's dictionary of the insurance terms is more limiting here than the allowable broadest definition of the term. The Baron's dictionary as its title suggests relates to insurance products. However, as explained above, the present system encompasses much more than an insurance product. It is a system that, among other things, allows the users to invest their assets to generate market returns, while they allocate a portion of those assets towards purchasing a secure benefit.

In any event, the Examiner's reference to conversions relate to arrangements wherein products are converted within the same category, for example, an insurance product to another insurance product or a securities/investment product to another securities/investment product.

As such the broadest reasonable definition of "conversion" must be derived from a regular dictionary. For instance the Merriam-Webster Dictionary defines "conversion" as the act or process of "converting." And it defines "converting" as "to change from one form or function to another." It is this broadest reasonable definition of the term that the patent application and the specifications refer to and support the claim language.

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Claim 1 refers to two forms of financial structures. First, the asset vehicles and second, the purchased secure life dependent benefits. These two forms of financial structure as described in the specification are different. The asset vehicles remain invested to generate market returns, which have a degree of risk associated with them. The purchased benefits, however, are secure products, which by definition are risk averse to market fluctuations. Such a conversion is in sharp contrast with the Examiner's references to conversion, which as mentioned before, relate to same category conversions.

During the conversion period the system converts one form of a financial product- the asset vehicle - to another form of a financial product- the purchased secure benefits. During this period, the first form, the asset vehicle remains invested to gain investment returns. During this period a portion of the first form is used towards the purchase of the second form, the secure benefits.

As such, the Examiner's use of Baron's dictionary to define conversion is inapposite. Furthermore, even if the concept of conversion is known in specific industries such as the one cited by the Examiner, it does not necessary follow that it is obvious to provide a particular arrangement for converting a financial product from one category (assets) into another category (secure benefits) in order to make periodic lump sum payments to the user, wherein the payment is derived from two separate sources (assets and purchased benefits) during the conversion. The Examiner is still bound by its duty to show prima facie obviousness.

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None of the references cited by the Examiner, either alone or in combination, teach or suggest the invention as claimed. For example, as admitted by the Examiner Tarbox does not teach or suggest conversion of asset and related conversion periods, nor the calculation of benefit payments and payment during and after the conversion period.

The only relevance of the Barron's Dictionary is that it happens to have a listing for conversion. However, Barron's has a specific definition for conversion, which is converting a group insurance coverage to an individual policy. This is a "same category" conversion. There is nothing in Barron's that teach or suggest the arrangement for converting investment assets that produce market returns into secure benefits. Furthermore, there is no teaching or suggestion in Barron's that an individual can collect proceeds from a combined source, such as portions from investment assets and other portions from purchased benefits during the conversion period.

Having recognized this shortcoming in the Barron's definition, the Examiner has injected its own subjective comments to leap the gap between the teachings of Barron's and the teachings of the present invention. In rejecting claim 1, in the first Office Action, the Examiner stated:

Therefore, it would have been obvious to an ordinary practitioner of the art at the time of applicant's invention to combine the disclosures of Tarbox with the disclosures of Jones, Cooperstein and Barron's Dictionary of Insurance to provide a method for the conversion of personal assets into an individual retirement benefit program as described in claim 1.

*Office Action Dated January 21, 2004.*

In the present Office Action, the Examiner, realizing that Tarbox in combination with the other

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secondary references still does not form a system as set forth in claim 1, goes on to state:

It would therefor have been obvious to an ordinary practitioner of the art at the time of Applicant's invention to have considered the conversion of financial contracts as well known in the art and to have applied the concepts of conversion over a period of time during which the conversion from one asset to another takes place under either a fixed or negotiable set of contractual conditions. A financial institution might, for example, offer a fixed set of conditions or limited options thereof to conversion assets below a certain value and might offer a negotiated set of conditions to assets valued above such a threshold.

*Office Action dated May 07/2004*

Applicant respectfully disagrees with the Examiner that conversion of financial contracts as set forth in the claims are well known. Furthermore, there is absolutely no support for the statements made by the Examiner as quoted above. Specifically, MPEP advises against such statements particularly, when the application is under final rejection. Applicants respectfully request that the Examiner provide support for the conclusion that the present claims are obvious in view of "well known financial contracts" pursuant to MPEP §706.02(a) and MPEP §2144.03. Specifically, MPEP §2144.03 (b) states:

While "official notice" may be relied on, these circumstances should be rare when an application is under final rejection...Official notice unsupported by documentary evidence should only be taken by the examiner where the facts asserted to be well-known, or to be common knowledge in the art are capable of instant and unquestionable demonstration as being well known.

...  
It would not be appropriate for the examiner to take official

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notice of facts without citing a prior art reference where the facts asserted to be well known are not capable of instant and unquestionable demonstration as being well known. For example...specific knowledge of the prior art must always be supported by citation to some reference work recognized as standard in the pertinent art.

As such, the Examiner's conclusion as quoted above are not proper and must be either withdrawn or the Examiner must provide documentary evidence in support of its conclusions. At the very least, in view of the MPEP requirements mentioned above, Applicant requests that the finality of the present Office Action be withdrawn.

Examiner's reference to Jones and Cooperstein is inapposite as well. Jones discloses a financial advisory system, wherein return scenarios for optimized portfolio allocations are simulated interactively to facilitate financial product selection. As stated:

A financial advisory system is provided. According to one aspect of the present invention, return scenarios for optimized portfolio allocations are simulated interactively to facilitate financial product selection.

See Jones Abstract, lines 1-4. The Examiner refers to this statement to support the contention that Jones discloses "calculating benefit payments corresponding to said selected retirement benefits for said person during and after said conversion period...There is nothing in the portion of Jones cited by the Examiner that even remotely suggests payments during a specified period and the sources for the funds to make payments during a conversion period and after a conversion period. To this end, there is no teaching or suggestion in Jones for a system that

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provides a conversion period specifiable by a user, during which certain identified assets are used to purchase desired secure benefits.

Furthermore, there is no teaching or suggestion in Jones, wherein a user receives payments during the conversion period, from proceeds provided by the user's identified assets and the already purchased secure benefits, and wherein the user receives payments after the conversion period only from the proceeds provided by the secure benefits.

Similarly, Cooperstein does not teach or suggest the present invention as claimed. Cooperstein discloses a programmed processor, which is electrically interconnected to the terminal and data storage and processes the data received at the terminal and the data stored in the data storage to physically transform an annuity contract purchase value data into an annuity contract living contingent and supporting component funding and related data representing tangible deferred and immediate annuity contract values at one or more selected dates during the life period. The processor also determines eligibility for withdrawal, withdrawal values, and transacts the payment of a withdrawal value. As cited by the Examiner Cooperstein states:

The programmed processor is electrically interconnected to the terminal and data storage and processes the data received at the terminal and the data stored in the data storage to physically transform the annuity contract living contingent and supporting component funding and related data representing tangible values at one or more selected dates during the life period, and/or determine eligibility for withdrawal, withdrawal values, and transact the payment of withdrawal value.

*See Cooperstein col.3, lines 30-40.* The Examiner again refers to this statement to support the

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contention that Cooperstein discloses "calculating benefit payments corresponding to said selected retirement benefits for said person during and after said conversion period." There is nothing in the portion of Cooperstein cited by the Examiner that even remotely teaches or suggests an arrangement for payments during a specified period and the sources for the funds to make payments during a conversion period and after a conversion period. There is no teaching or suggestion in Cooperstein for a system that allows the user to specify a conversion period during which the assets identified by the user are used to purchase secure benefits.

Furthermore, there is no teaching or suggestion in Cooperstein for a system that provides payments to the user during this conversion period and after the conversion period, wherein the payments during the conversion period are provided by both the identified assets and the partially purchased secure benefits and the payments after the conversion period are provided by the purchased secure benefits.

Again, having realized that the combination of the references do not teach or suggest the present invention as claimed, the Examiner has added the following paragraph without any evidentiary support:

Further, it is obvious that these contracts are all about payments being made and/or which are to be made to a beneficiary, who can be the user/customer/owner of a policy contract or a beneficiary designated by the user/customer/owner of the policy contract. The details of the chosen arrangements obviously can involve simultaneous payments from both the old/existing asset(s) and the new benefit contract during a conversion period in those cases where the old/existing asset is, or

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is in a position to, make benefit payments since this is all a part of the well known practice of conversions.

*Office Action dated May 07, 2004.*

As set forth below, Applicant disagrees with the Examiner's contentions in the above paragraph. Absent a documentary evidence as required by MPEP 2144.03 and the pertinent case law, such as *In re Zurko*, 258 F. 3d 1379, 1385 (Fed. Cir. 2001) the Examiner cannot conclusively assert that a limitation in the claim is obvious in view of well-known facts. Applicant is not aware of any specific well known practice of conversions that relate to the present claims. As such Applicant respectfully requests that the Examiner either withdraw these conclusions or provide evidentiary support for these conclusions in the form of prior art references. Again at the very least, in view of the MPEP requirements, Applicants request that the finality of the Office Action be withdrawn.

Even if all the references cited by the Examiner, i.e., Tarbox, the Barron's Dictionary definition, Jones and Cooperstein are combined together as proposed by the Examiner, the resulting system would still fall outside the scope of the present invention as claimed. For instance, the resulting system would still lack an arrangement for conversion of investment vehicles to secure benefits and for payment of funds from both investment vehicles and secure benefits during the conversion period and from the purchased secure benefits after the conversion period

In view of the foregoing, Applicant requests that the Examiner withdraw the obviousness

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rejection of claim 1 for the reasons stated above. Furthermore, Applicant respectfully requests that the Examiner withdraw the rejections of the remaining claims depending from claim 1.

In the Office Action, the Examiner has also rejected claim 14 under 35 U.S.C. §103(a) as being obvious over Tyler in view of Jones, Cooperstein and Barron's Dictionary of Insurance Terms. According to the Examiner, Tyler discloses a method for providing a client with a secure benefit account, with the steps of identifying the assets of the client, for purchasing a plurality of benefits, and performing actuarial valuation to determine the value of each of the benefits and allocating identified assets towards the purchase of the benefits.

The Examiner correctly states that Tyler does not disclose a conversion period. The Examiner then states that conversion is well-known in the financial services art as disclosed by Barron's Dictionary of Insurance Terms and Barron's Dictionary of Finance and Investment Terms. Thus in addition to the definition in the Dictionary of Insurance Terms as mentioned above, the Examiner also refers to a definition in Dictionary of Finance. According to this dictionary conversion is defined as

[t]he transfer of mutual fund shares without charge from one fund to another fund in a single family, and in insurance, switch from short-term to permanent insurance.

*Barron's Dictionary of Finance and Investment Terms, Fifth Ed. 1995 p. 119.*

Based on the Barron's definitions, the Examiner states that conversion is well known in the financial services. From this paragraph the Examiner concludes that:

It would therefor have been obvious to an ordinary

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practitioner of the art at the time of Applicant's invention to have considered the conversion of financial contracts as well known in the art and to have applied the concepts of conversion over a period of time during which the conversion from one asset to another takes place under either a fixed or negotiable set of contractual conditions. A financial institution might, for example offer a fixed set of conditions or limited options thereof to conversion assets below a certain value and might offer a negotiated set of conditions to assets valued above such a threshold. Tyler does not explicitly disclose wherein said benefit payments during said conversion period are made from said identified asset and said purchased benefits, and said benefit payments after said conversion period are provided by said purchased benefits. However, it would have been obvious to an ordinary practitioner of the art at the time of Applicant's invention that benefit payments during said conversion period are made from said identified asset and said purchased benefits, and said benefit payments after said conversion period are provided by said purchased benefits, unless the conversion period is zero, i.e. there is no conversion period.

*Office Action dated May 7, 2004.* The Examiner does not support these conclusions of obviousness by any cited prior art as required by pertinent case law and MPEP §2144.03.

Without any reference that specifically teaches or suggests the elements of the claims, such as conversion of investment vehicles to secure benefits during a specifiable period or a payment structure during and after the conversion period as set forth in the claims, the Examiner's rejection must be withdrawn.

As mentioned before, none of the references cited by the Examiner either alone or in combination disclose a system as set forth in the present claims. For example, Tyler relates to a computer implemented graphical user interface for receiving instructions and information

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relating to insurance products, and for displaying corresponding insurance proposals. The user interface in Tyler allows the user to specify an insurance product and based on the information of the client determines the benefits for each desired insurance products.

However, Tyler does not teach or suggest the present invention as claimed. For example, there is no teaching in Tyler to allocate a group of identified assets towards the purchase of a selected set of benefits that a client desires in a benefit account. Tyler allows the user to look at each insurance product on its own. In sharp contrast to Tyler, the present invention, allows the user to begin with a desired benefit account containing various benefits, and allocate the user's assets towards completing the purchase of each identified benefit component in the benefit account.

Furthermore, Tyler does not teach or suggest an arrangement wherein a conversion period is set, during which the identified assets are used to gradually purchase the various selected benefits. Nor does Tyler teach or suggest the arrangement wherein during this conversion period, the system allows the user to receive benefits from both the identified assets and the purchased benefits, and the user to receive benefits from the purchased benefits after the conversion period has ended.

Again, Tyler does not teach or suggest an arrangement wherein for each interval the system calculates the total market value of the assets and purchased benefits to provide a target payment amount that shows the client the amount of secured benefit payments that can be purchased if the client decides to accelerate the conversion period immediately.

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Even if all the references cited by the Examiner, i.e., Tyler, the two Barron's Dictionary definitions, Jones and Cooperstein are combined together as proposed by the Examiner, the resulting system still falls outside the scope of the present invention as claimed. For instance, the resulting system would still lack an arrangement for conversion of investment vehicles to secure benefits and for payment of funds from both investment vehicles and secure benefits during the conversion period and from the purchased secure benefits after the conversion period.

As such Applicant respectfully requests that the Examiner's rejection be withdrawn. Furthermore, Applicant requests that the Examiner's rejection of all claims depending from claim 14 be withdrawn for the same reasons explained above.

Turning now to the Examiner's rejection of claim 30, in the Office Action, the Examiner has stated that this claim is obvious over Tarbox in view of Tyler, and further in view of the Barron's Dictionary of Insurance Terms, 3<sup>rd</sup> Edition. Applicant respectfully disagrees with the Examiner and requests that the rejection be withdrawn.

Claim 30 relates to a secure retirement system for providing a person with a secure retirement program using assets owned by said person. The system includes an interactive component for enabling the person to respond to a plurality of decision queries, wherein at least one of the decision queries allows the person to select at least one benefit for retirement from a plurality of different types of benefits available. The system also includes a conversion component for allocating assets associated with the person towards the purchase of the selected benefit for retirement at selected intervals during a conversion period. Furthermore, the system

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includes a payment process component for providing benefit payments corresponding to selected benefits for retirement during and after the conversion period. Benefit payments during the conversion period are made from the assets and the purchased benefits, and the benefit payments after the conversion period are provided by the purchased benefits.

As discussed above, Tarbox does not teach or suggest an arrangement wherein the system calculates benefit payments corresponding to selected benefit payments during and after a conversion period.

Furthermore, as also discussed above, Tyler relates to a computer implemented graphical user interface for receiving instructions and information relating to insurance products, and for displaying corresponding insurance proposals. The user interface in Tyler allows the user to specify an insurance product and based on the information of the client determines the benefits for each desired insurance products.

However, Tyler does not teach or suggest the present invention as claimed. For example, there is no teaching in Tyler to allocate a group of identified assets towards the purchase of a selected set of benefits that a client desires in a benefit account. Tyler allows the user to look at each insurance product on its own. In sharp contrast to Tyler, the present invention, allows the user to begin with a desired benefit account containing various benefits, and allocate the user's assets towards completing the purchase of each identified benefit component in the benefit account.

Furthermore, Tyler does not teach or suggest an arrangement wherein a conversion

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period is set, during which the identified assets are used to gradually purchase the various selected benefits. Nor does Tyler teach or suggest the arrangement wherein during this conversion period, the system allows the user to receive benefits from both the identified assets and the purchased benefits, and the user to receive benefits from the purchased benefits after the conversion period has ended.

Again the Examiner has made the same unsupported assertions of obviousness as set forth above in reference with claims 1 and 14. Applicant respectfully requests that these assertions be withdrawn absent a showing of a cited reference that supports such assertions.

Applicant respectfully requests that the Examiner withdraw the obviousness rejection of claim 30 and all claims dependent therefrom.

### Conclusion

In view of the aforementioned amendment and remarks, it is respectfully submitted that all claims currently pending in the above identified application are now in condition for allowance, the earliest possible notice of which is earnestly solicited. If in the Examiner's opinion the prosecution of the present application would be advanced by a telephone interview,


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he is invited to contact the undersigned at the telephone number listed below.

Respectfully submitted,

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Dated: 8/17/04